



PRIME MINISTER

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ADDRESS AT CHRYSLER INVESTMENT ANNOUNCEMENT

I would like to thank Chrysler for this opportunity to make some remarks about the Australian motor vehicle industry generally on the occasion of the announcement of Chrysler's new investment proposals.

The motor vehicle industry is, obviously, of great importance to Australia's national economy and particularly to South Australia.

For all Australian industry, primary and secondly, the present times are difficult.

The waste and extravagance we have seen in the previous years left the economy floundering and weakened our competitive position as a nation.

The Government has halted its own runaway expenditure and is attacking inflation very vigorously. But that struggle is far from over.

We always said that beating inflation would take a full parliamentary term and there is no reason to change that particular judgement.

However, suppliers who now find that tendering has become more competitive, primary producers who have been suffering prolonged low returns, employees who have foregone full wage indexation, can take satisfaction from the fact that the fight against inflation is being waged successfully.

The attitude that problems can be solved if the Government spends more and more of the taxpayers money has been finally laid to rest.

The rate of increase in the Consumer Price Index has now fallen for three consecutive quarters.

The increase in the September quarter is the lowest since the March quarter in 1973, apart from the special circumstances relating to health care last year.

Recent investment proposals by the motor vehicle industry are evidence of the faith that overseas investors have in Australia's economic policies. Without that confidence I do not believe that investments - not only by Chrysler but also other segments of the motor industry - would have taken place.

This investment shows that the industry appreciates that the Government of Australia is determined to get on top of inflation.

It indicates confidence in the Government's overall economic policies, and that the Government welcomes investment in Australia.

Chrysler has now given a further endorsement of the confidence shown by the industry and the future of manufacturing in Australia and in particular the future of motor vehicle manufacturing in Australia.

The Ford Motor Company has announced investments totalling \$67 million. Nissan and Toyota have also announced substantial investment programmes, as have General Motors. The proposals announced today make total investment in the motor industry rise to very substantial heights.

I believe we would not have had these announcements in the circumstances of last year. That they have been made in the circumstances of this year indicates confidence in the future of Australia by the industry and by the companies concerned.

The plans announced by Chrysler are not only important for the industry as a whole and for Australia but they are also of special importance for South Australia where motor vehicle manufacturing is obviously very significant for the industrial development of the State.

That is why I am delighted as I am sure the Premier is delighted, that Chrysler had made these particular decisions. They are of enormous importance to the many people employed in the industry in this particular State.

The passenger motor vehicle industry, and the components industry which is associated with it, account for about 9 percent of manufacturing employment in Australia and about 2 percent of total employment. This is about the same percentage as the mining sector. By any account, therefore, it is important in a national context.

The steel, glass and rubber industries all benefit from motor vehicle manufacture.

With the industry under pressure because of the consumer swing from six cylinder to four cylinder vehicles, as well as from inflation, and from pollution control requirements, the Government early this year took the decision to support the 85 percent local content plan for the motor vehicle industry.

This eases the constraints on the industry and gives it the opportunity to restructure, within itself, and with the aim of increasing its own competitiveness.

In June this year the Government also announced that it would take action to make sure that about 80 percent of the Australian market for passenger motor vehicles was reserved for local industry.

Following this decision and in the face of evidence that imports are likely to be well above 20 percent in the market next year, the Government referred the particular question of import restriction to the Industries Assistance Commission for a report by November 16.

If that report shows that action is necessary to make sure that local manufacturers hold about 80 percent of the local market, then action will be taken by the Government to see that this is achieved. Thus the Government is playing its part in providing the appropriate environment for long term planning in this industry.

The Government welcomes the very substantial investments of this company and other companies.

It is fair enough to say that if this climate had not been established these investments would not have taken place because it is not reasonable to expect companies to lay out very large sums of money if they are not going to know the climate, and the environment in which they will have to operate.

If it were not for the 85 percent car plan, and for other later measures, the investment by Chrysler and by other firms, would not have occurred.

That would have been disastrous for the cities such as Geelong and States such as South Australia both of which depend heavily upon manufacturers in the motor industry.

However, ultimately, the future of the industry depends on the people in it; upon the attitudes and approaches of people in the industry; on industrial relations in the industry and the contribution that the industry and the companies make providing goods and services that are wanted by the Australian people. Ultimately the success of any enterprise depends upon the manner and extent to which particular corporations can meet the consumer demands and requirements of the time.

In this sense the consumer is the arbiter of what happens. The Government is determined to play its part.

I would like to believe and I hope it is correct that what is happening now in the industry will begin a long period of stable and permanent development in the industry.

We will remember that through the '1950's and 1960's there was fairly stable and sensible development. Then inflation and cost rose very greatly, there were also tariff cuts which altered

the competitive position of industry in relation to imports. .

As a result of those measures - and after the tariff cuts across the board - a very large number of imports came into the industry.

I believe those measures upset the stability that the industry had known for some time. Imports in those circumstances obviously claim too large a share of the market. Development in Australia, employment and production in Australia were coming to be seriously threatened.

A number of ad hoc measures were taken over a period to redress that situation - import quotas, and temporary reductions of local taxes to try and encourage greater sales of motor vehicles.

I hope the ad hoc stage is past. We are now into long term developmental plans that should auger well for the industry.

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